

2006 SUMMARIES OF CHAPTERED LEGISLATION ADMINISTERED BY THE FRANCHISE TAX BOARD

The Franchise Tax Board's complete legislative analyses for each of the following bills can be found on the "Law and Legislation" page at <http://www.ftb.ca.gov>.

FRANCHISE TAX BOARD SPONSORED LEGISLATION	
<p>AB 2341 Villines Ch. 773</p> <p><i>CorpC 1103, 1107.5, 1108, 1110, 1113, 1155, 12535, 12539, 12540.1, 12550.5, 12628, 12629, 12635, 15678.10, 15678.4, 16915.5, 16954, 16960, 17350.5, 17355, 17356, 17552, 17554.5, 1808, 1809, 1900.5, 1905, 1905.1, 2010, 2011, 2112, 6014, 6018, 6019.1, 6020.5, 6518, 6519, 6615, 8014, 8018, 8019.1, 8020.5, 8518, 8519, 8615, FinC 3126, 5758, 5760, R&TC 17937, 17945, 17947, 17948.1, 17948.3, 19432, 23153, 23332, 23334, 23335, 23561</i></p>	<p>This act eliminates the tax clearance certificate requirement for business entities. The new process provides that the minimum franchise tax or the annual tax will not be assessed for a taxable year if the following conditions are met:</p> <ul style="list-style-type: none"> • The entity files a final annual tax or minimum franchise tax return for the preceding taxable year. • The entity did not conduct business in California after that year. • The entity files documents for dissolution, surrender, or cancellation within 12 months of the date the final return was filed.
<p>AB 2962 Benoit Ch. 428</p> <p><i>R&TC 18662, 18668</i></p>	<p>This act helps to reduce the amount of over-withholding resulting from provisions requiring withholding on real property sales.</p>
BUDGET TRAILER LEGISLATION	
<p>AB 1806 A Budget Committee Ch. 69</p> <p><i>GC 11012.5, 12513.1, 12587.1, 12950, 13309, 13405, 13406, 14612.2, 16418, 19822.3, 68085, 68203, 68660, 68661, 7076, 76104.7, 77202, 77209, 84602.1, HSC 1348.9, 53533, LC 1684, 4603.2, 4903.05, 4903.6, PenC 290.3, 295, PRC 42100, 42101.1, 42104, R&TC 1698UIC 325.6, VC 5066, WIC 749.5</i></p>	<p>This act makes statutory changes relating to Budget Act of 2006 by the following:</p> <ul style="list-style-type: none"> • Repealing the sunset date for Department of Housing & Community Development to assess and collect a fee assessed to Enterprise Zones for each application for a hiring credit voucher certificate. • Modifying an existing reporting requirement regarding state agency's internal accounting systems.

<p>AB 1809 A Budget Committee Ch. 49</p> <p><i>R&TC 17052.2, 6248, 7204.3, 7273,</i></p>	<p>This act suspends the Teacher Retention Tax Credit for the 2006 taxable year.</p>
CREDITS	
<p>AB 1282 Mullin Ch. 712</p> <p><i>R&TC 17052.17, 17052.18, 23617, 23617.5,</i></p>	<p>This act extends the availability of the Employer Child Care Program Credit and the Employer Child Care Contribution Credit to taxable years beginning on or after January 1, 2007, and before January 1, 2012. The bill would revise the automatic repeal date for both credits to December 1, 2012.</p>
<p>AB 2638 Laird Ch. 892</p> <p><i>HSC 50842.1, 50842.2, 50843, 50843, 50843.5, R&TC 12206, 17058, 23610.5</i></p>	<p>This act makes changes to the Local Housing Trust Fund Matching Grant Program and technical amendments under the Revenue and Taxation Code to resolve non-controversial housing-related items.</p>
<p>AB 2831 Ridley-Thomas Ch. 580</p> <p><i>IC 12939, R&TC 12209, 17053.57, 23657,</i></p>	<p>This act extends the repeal date of the Community Development Financial Institution Credit from December 1, 2007, to December 1, 2012.</p>
<p>SB 286 Lowenthal Ch. 890</p> <p><i>GC 65301, 65583, 65583.1, 65583.2, 65588, HSC 17021.6, 18027.3, 18552, 18934.6, 19163.5, 19851, 33760, 34312, 50517.5, 50530.5, 52080 R&TC 17058, 23610.5</i></p>	<p>This act makes technical amendments to resolve non-controversial housing-related items under the low-income housing tax credit.</p>
DEDUCTIONS	
<p>AB 1798 Berg Ch. 896</p> <p><i>GC 8686, R&TC 195.101, 195.102, 195.103, 17207, 218, 24347.5,</i></p>	<p>This act adds the severe rainstorms and related events that occurred in Del Norte, Humboldt, Lake, Mendocino, Napa, Sonoma, and Trinity Counties starting in December 2005, to the current list of specified disasters under the PITL and the CTL.</p>

<p>AB 2735 Nava Ch. 897</p> <p><i>R&TC 17207, 195.104, 195.105, 195.106, 24347.5, 218, GC 8686,</i></p>	<p>This act adds the severe rainstorms and related events that occurred in the following counties in December 2005, January 2006, March 2006, or April 2006, to the current list of specified disasters under the Personal Income Tax Law (PITL) and the Corporation Tax Law (CTL): Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, El Dorado, Fresno, Kings, Lake, Lassen, Madera, Marin, Mariposa, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tulare, Tuolumne, Yolo, and Yuba. This act also adds the wildfires that occurred in San Bernardino County in July of 2006 to the current list of specified disasters.</p>
DISCLOSURE	
<p>AB 1418 Horton Ch. 716</p> <p><i>R&TC 19195, 7063</i></p>	<p>This act requires the State Board of Equalization (BOE) and FTB to make public through their respective web sites a list of each agency's top 250 tax delinquencies in the state.</p>
<p>AB 2367 La Suer Ch. 347</p> <p><i>BPC 25618, FAC 80174, FinC 17419, 17700, 3510, GC 1368, 3108, 51018.7 HSC 100895, 116730, 25180.7, 44209, MVC 145, 1672 PUC 8285 R&TC 18631.7, 19542.3, 43606, 45955, 46705, 50156.18, 7093.7, 9278, WC 13387</i></p>	<p>This act clarifies the penalties for persons who willfully divulge computer software obtained by subpoena and for check cashers that willfully fail to report information to FTB regarding certain check cashing transactions.</p>
<p>SB 1374 Cedillo Ch. 513</p> <p><i>R&TC 19551.1</i></p>	<p>This act extends the current law that allows FTB to provide taxpayer information to city officials by changing the December 31, 2008, repeal date to December 31, 2011.</p>
DOMESTIC PARTNERS	
<p>SB 1827 Migden Ch. 802</p> <p><i>FamC 297.5, R&TC 17024.5, 18521</i></p>	<p>This act requires registered domestic partners to file personal income tax returns using the same rules applicable to married individuals. In most cases, this means a registered domestic partner must either file a joint return with his or her registered domestic partner or a separate return using the rules applicable for a separate return filed by a married individual.</p>

VOLUNTARY CONTRIBUTIONS

AB 2085
Parra
Ch. 607

R&TC 18707

This act modifies the eligibility requirements for financial aid grants issued by the Military Department.

AB 2485
Jones
Ch. 296

*FGC 12003.2, 4501,
5650, R&TC 18750,*

This act establishes the California Sea Otter Fund for taxpayers to designate a contribution on the personal income tax return.

SB 1249
Alquist
Ch. 645

*R&TC 18709, 18716,
18724, 18744, 18766,
18796, 18808, 18830,
18845.3, 18846.3,
18847.3, 18855*

This act does the following:

- Fix the minimum contribution requirement for the California Fund for Senior Citizens at \$250,000, and
- Make changes to the application of the minimum contribution amounts for twelve funds.

STATE AGENCIES

AB 546
Garcia
Ch. 848

GC 8314.5,

This act makes it unlawful to knowingly use a state-owned or state-leased computer to access, view, download, or otherwise obtain obscene matter.

AB 1302
Horton Jerome
Ch. 713

*GC 11340.85,
11342.545, 11346.1,
11349.6, 11350,
PCC 5058.3*

This act establishes new procedures for state agencies regarding the adoption of "emergency regulations."

AB 2591
Keene
Ch. 506

GC 13292.5

This act requires state agencies to submit an annual report to the Department of Finance on the status of liquidated and delinquent accounts.

AB 2715
Runner
Ch. 423

GC 7171, R&TC 31000.6

This act provides the authority for the filing and recording of state tax liens by electronic or magnetic media that is substantially the same as the authority for filing a federal tax lien.

<p>SB 763 Lowenthal Ch. 634</p> <p><i>GC 7076, 7097.1, 7107, 7114.2, R&TC 17053.34, 17053.46, 17053.47, 23622.8, 23634, 23646</i></p>	<p>This act does the following:</p> <ul style="list-style-type: none"> • Extends to the Department of Housing and Community Development (DHCD) authority to assess and collect a fee related to the specified economic development areas (EDAs). • Directs DHCD to develop and adopt regulations that govern the issuance of vouchersing certificates by local governments to the specified EDAs.
<p>SB 1436 Figueroa Ch. 234</p> <p><i>GC 11148, 11541.5</i></p>	<p>This act requires state agencies to designate a liaison for small businesses.</p>
<p>SB 1452 Speier Ch. 452</p> <p><i>GC 1237, 13885, IC 11752.5, 11873, R&TC 1236</i></p>	<p>This act enacts the Omnibus Audit Accountability Act of 2006 and requires an ongoing internal audit function of state agencies to safeguard public funds and the public trust.</p>
REFUNDS	
<p>AB 2439 Klehs Ch. 90</p> <p><i>R&TC 19303</i></p>	<p>This act requires FTB to allow taxpayers the option of splitting a tax refund made by direct deposit into more than one account.</p>
PARTNERSHIP	
<p>AB 339 Harman Ch. 495</p> <p><i>BPC 16601, 16602.5, 17900, CCP 1107.5, CorpC 1113, 1152, 1157, 12540.1, 12550.5, 15534, 15724, 15800, 16101, 167.5, 16901, 16903, 16908, 16911, 16915.5, 17001, 171.05, 17540.3, 17540.8, 17554.5, 17555, 17935, 2113, 25005.1, 6019.1, 6020.5, 8020.5, GC 12188, 12197, R&TC 16101, 17935</i></p>	<p>This act adopts provisions of the Uniform Limited Partnership Act of 2008.</p>
<p>AB 2914 Leno Ch. 426</p> <p><i>CCP 16101, 16956</i></p>	<p>This act extends the repeal date for limited liability partnerships to engage in the practice of architecture.</p>

MISCELLANEOUS

<p>AB 970 Torrico Ch. 343</p> <p><i>R&TC 18536</i></p>	<p>This act allows a corporation to file a tax return on behalf of certain nonresident directors.</p>
<p>AB 1550 Arambula Ch. 718</p> <p><i>GC 7072, 7073, 7073.1, 7073.8, 7074, 7074.2, 7076.1, 7082.2, 7085.1, 7097, 7099, 7116,</i></p>	<p>This act makes various changes and reforms to the law applicable to the following Economic Development Areas:</p> <ul style="list-style-type: none"> • Designation of Enterprise Zones. • Designation of Targeted Employment Areas. • Designation of G-TEDAs. • Tax Incentives.
<p>AB 2098 Liu Ch. 818</p> <p><i>GC 14995</i></p>	<p>This act establishes the Electronic Funds Transfer Task Force to develop a comprehensive approach to implementing an electronic payment system for all state agencies.</p>
<p>AB 2719 Houston Ch. 616</p> <p><i>R&TC 20585</i></p>	<p>This act modifies the dates and income requirements relating to the postponement of property tax payments for qualified homeowners.</p>
<p>SB 663 Migden Ch. 22</p> <p><i>R&TC 25110</i></p>	<p>This act closes a loophole under which some taxpayers asserted that by qualifying a controlled foreign corporation as a California taxpayer, reportable Subpart F income became not reportable for California purposes.</p>
<p>SB 1183 Ackerman Ch. 57</p> <p><i>GC 191, 710</i></p>	<p>This act expands the conditions under which a foreign corporation would be exempted from obtaining a certificate of qualification from the Secretary of State.</p>
<p>SB 1852 S Jud Comm Ch. 538</p> <p><i>R&TC 95.2, 531.7, 862, 2188.5, 2700, 4676, 4703.3, 6067, 6201.2, 6376.1, 6902.3, 9270, 11317, 11923, 13153, 17052.6, 19191, 20621, 23060, 23202, 23305b, 32364, 32475, 41120, 41176, 45304, 45451, 45872, 46442, 50124, and 50145</i></p>	<p>This act makes technical, non-substantive changes to various code sections, including the Revenue & Taxation Code.</p>

2006 SUMMARIES OF VETOED LEGISLATION

VETOED	
AB 675 Klehs Vetoed <i>R&TC 19141.8</i>	This act would have required certain corporations to provide detailed information on the differences between book income and taxable income and provide penalties for failure to do so.
AB 799 Leno Vetoed <i>R&TC 11160</i>	This act would have required the Franchise Tax Board (FTB) to report the estimated amount of revenue loss to the state as a result of increased itemized deductions taken by residents of the City and County of San Francisco for a local vehicle license fee.
AB 1029 Horton Jerome Vetoed <i>R&TC 64, 480.2, 483, 532</i>	This act would have required FTB to include a general question regarding change in ownership or control of entities that own real property in California in lieu of the specific questions mandated under current law.
AB 1614 Ruskin Vetoed <i>R&TC 17942</i>	This act would have applied the rules for assigning the income of entities doing business within and outside the state to the calculation of the Limited Liability Company fee.
AB 2404 Klehs Vetoed <i>GC 7550.7</i>	This act would have required every head of a state agency, board or commission, including elected officials or state official whose duties are prescribed by the California Constitution, to sign, under penalty of perjury, that the information in legislatively mandated reports is accurate.
AB 2927 Leno Vetoed <i>GC 6253.3, 6257, 6258, 6259, 6259.1</i>	This act would have required state agencies to allow public record act requests to be made on the Internet.
SB 768 Simitian Vetoed <i>CCP 1798.10, GC 11147</i>	This act would have limited state agencies usage of devices utilizing radio waves to remotely read identification documents.
SB 840 Kuehl Vetoed <i>HSC 140000</i>	This act would have grouped existing health care spending from various areas into one general fund to create a single payer health care system.